

North Dakota Farm Finance Agency
700 Main Ave.
PO Box 5509
Bismarck, North Dakota 58506-5509

For NDFFA Only

For NDFFA Use Only

Application Approved _____
 Amount Approved _____

Project No. _____
 \$50 Fee Rec'd. _____

FIRST TIME FARMER FINANCE PROGRAM APPLICATION

(To be completed by the applicant - print or type all information)

Note: APPROVAL OF THIS APPLICATION DOES NOT CONSTITUTE FINAL LOAN APPROVAL. If prior to closing, it is discovered that the Project, in whole or in part, is ineligible for tax-exempt financing, or if the Project should become ineligible, the NDFFA may refuse to complete loan processing or reduce the loan amount.

1. Type of application CHECK ONE: ____ Bank Loan or ____ Contract Sale or ____ Individual Investor Loan

2. Name of applicant _____ Spouse _____
 Address _____ City _____ State _____ Zip _____
 Telephone (____) _____ Age (For Statistical Purposes) _____

3. Bond Purchaser _____ (bank, contract seller or individual investor)
 Contact person: _____ Telephone(____) _____
 Address _____ Fax(____) _____
 City _____ State _____ Zip _____ E-Mail _____ Address _____

4. Purpose of Project (Check and describe how project proceeds are to be used)
 ____ Purchase land Total Acres _____ Tillable Acres _____ CRP Acres _____
 ____ Estimated value of house \$ _____ (A dwelling and CRP acres may limit eligibility)
 ____ Estimated value of out-buildings \$ _____ (Send appraisal if property has a dwelling or out buildings)
 ____ Purchase machinery _____
 ____ Purchase Livestock (what and how many) _____
 ____ Construction of buildings or other farm improvements (describe) _____
 ____ Who owns property where improvements are to be made _____
 ____ If constructing livestock buildings, who will own the animals in building? _____
 (If applicant will not own livestock, send copy of feeding contract)

5. Financing of Project (contributions by applicant, lender or contract seller and NDFFA):

	Land Purchase	Livestock Purchase	Machinery Purchase	Farm Improvements	Total Project
Down payment by applicant	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Financed by lender or contract seller-NDFFA bond	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
other sources	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
TOTAL COST OF PROJECT:	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

6. Location of Project:

a. List the county and township, range and section: (Example-T140, R80,Section 26: S1/2, Any County, ND)

b. Location by road from nearest town: (Example - 4 miles north of Any town, ND on State Highway 14)

Roads must be identified, unless they are unmarked gravel roads, then state as such.

c. If the project consists of the construction or acquisition of buildings, structures or other immovable property (including remodeling of or additions to existing structures), will the First Time Farmer be the sole owner of the land on which the project will be located? YES ____ NO ____.

If NO, will applicant have a long-term lease for the length of the loan? ____YES ____NO

7. Seller of Property _____

Address _____

City _____ State _____ Zip _____ Telephone(____) _____

a. Please indicate if you are acquiring the "Project" from a related person: ____YES ____NO

If YES, please explain the relationship. _____

NOTE: Contract sales are not allowed between the First Time Farmer and their grandparents, parents, children or siblings. Loans are permitted to finance purchase from these relatives, but NDFFA Fair Market Value, certificate and related person certificate must be completed.

b. Please explain if you have begun to acquire or construct any part of the "Project" for which you are requesting a Loan; if you have entered into any contract or purchase agreement (installment or otherwise) in connection with the construction or acquisition of the "Project," or have begun off-site fabrication or acquisition of any portion of the "Project."

NOTE: Any payments (including down payment) made more than 60 days prior to approval of the application will not be eligible for bond financing.

8. Previous tax-exempt financed projects Have you, your spouse, minor children or any related person received tax-exempt financing of any kind in any state? YES ____ NO ____.

If YES, please explain. _____

PROPOSED LOAN TERMS FOR NDFFA BOND

(Complete questions 9-11 with your lender, contract seller or individual investor.)

9. Current personal financial statement(not more than 60 days old) for the First Time Farmer, and spouse is enclosed: ____YES ____NO) (Please attach a copy of the financial statement.)

Net worth of First Time Farmer (including spouse): \$ _____

NOTE: A financial statement is required from all co-applicants, including partnerships.

10. Application fee (\$50) submitted: ____YES ____NO

11. Proposed loan or contract sale terms:

a. Tax-exempt interest rate: Fixed: _____ percent (%) OR Variable: _____ percent (%)

If variable rate, indicate index used: (Example--80% of bank's prime rate, such prime rate is 11% to be adjusted semi-annually).

b. Loan term: _____ years.

NOTE: Balloon will automatically end tax exemption - See Program Summary.

c. Repayments: monthly ____; quarterly ____; semi-annually ____; annually ____ OR ____ other (specify below)

Amount \$_____ Does this amount include interest? ____ YES ____ NO

d. First payment due date: _____

12. Previous and Present Land Owned

a. Have you, your spouse, or minor children ever directly or indirectly owned farmland? ____ YES ____ NO

NOTE: The following are examples of indirect land ownership:

- 1) ownership of a beneficial interest in a trust which in turn holds land.
- 2) ownership of shares in a family farm corporation which owns land.
- 3) a remainder interest in land which is subject to a life estate in another person.

If your answer to 12a is no, skip to question 13.

b. Describe each parcel of land presently or previously owned by county location, size, time period owned, and maximum fair market value while you owned it(if the ownership is indirect, also describe the means of ownership and the total amount owned(e.g. "I have a one-fourth beneficial interest in a trust; the trust holds a total of 200 acres"):

c. Have you, your spouse, or minor children done any of the following:

- 1) performed physical work on the land? YES ____ NO ____.
- 2) participated in management decisions about operations on the land? YES ____ NO ____.
- 3) provided regular advice and consultation on the business operations on the land? YES ____ NO ____.
- 4) regularly inspected production activities on the land? YES ____ NO ____.
- 5) directly or indirectly advanced funds or paid a substantial portion of the operating expenses for operations on the land? Yes ____ No ____.
- 6) lived on the land? Yes ____ No ____.

d. Please describe the degree of your involvement in each activity, the frequency of your involvement and the length of time over which your involvement occurred (Use additional sheets if necessary):

e. Have you, your spouse or minor children disposed of any of the parcels of land? ____ YES ____ NO

If ____ YES, identify the parcel(s) and the approximate date disposed of: _____

f. Did you, your spouse or minor children recognize income, for Federal income purpose, as the result of cancellation of indebtedness with respect to any of the parcels disposed of? YES ____ NO ____.

If YES, identify the parcel(s) with respect to which income was recognized: _____

13. Management and Labor of Project will be provided by:

a. Will any portion of the Project be used in any new or existing farm partnership, farm corporation, limited liability company, or other formal or informal joint farming venture, including contract feeding arrangement? ____ YES ____ NO

If YES, please describe: _____

b. Please explain what your farming operation will consist of and include the new project:

Crop acres on owned land: _____

Crop acres on cash rented land: _____

Crop acres on crop-share rented land: _____

Owned livestock operation: _____

Contract-feeding livestock operation: _____

Other farm operations: _____

CERTIFICATIONS OF APPLICANT

(To be completed by beginning farmer applicant/s)

In submitting this Application, I, the undersigned First Time Farmer, have read the following statement and hereby certify and agree that:

1. I will be a permanent resident of the state of North Dakota at the time of bond issuance. True____ False____
2. The Project shall be used only for farming by myself, my spouse, and/or minor children. True____ False____
3. None of the proceeds of the loans shall be used for the refinancing or restructuring of any existing indebtedness in whole or in part, working capital, operating purposes or for inventory or supplies for the First Time Farmer or any related person. True____ False____
4. I agree the loan may not be assumed by another person without NDFFA's prior approval and then only if the purchaser of the property is an eligible applicant for a NDFFA loan. I presently plan to retain the property financed by the loan for the term of the loan; however, I understand equipment and other depreciable property may be exchanged or traded in on similar property, and other property such as breeding livestock may be added or substituted as collateral at the discretion of the Lender without prior approval of the NDFFA. I also understand that the benefits of the loan, made at the tax-exempt rate from the proceeds of a NDFFA bond, must be retained by myself, and no person to whom property is traded or otherwise transferred may obtain the benefits of the NDFFA loan. True____ False____
5. I understand and agree that I am responsible for submitting a \$50 application fee with this application and a loan closing fee equal to one (1%) percent of the principal amount (\$500 minimum) of the loan to the NDFFA at the time of loan closing; such fees will be used for expenses of administering the First Time Farmer Bond Program. True____ False____

All of the information I have provided in the application is true and complete. Also, I understand this application and any of the documents prepared or submitted in connection with it or the loan referred to hereon are "public records" and are subject to examination, copying, publication or other dissemination by any person. Further, I understand that before the loan can be finalized, a public hearing on the proposal to make this loan must be held by the NDFFA and I hereby consent to publication of a notice of such hearing in a regional newspaper of general circulation in the county in which the project is located.

Date

Signature of First Time Farmer

Signature of First Time Farmer's Spouse

This application cannot be reviewed unless the NDFFA has received all of the following:

- | | |
|--|--|
| ____ \$50 application fee | ____ Completed application form signed by both parties |
| ____ Current personal financial statement witnessed by a bank officer and signed by all applicants | ____ Certificates-if sale is from close relative |

CERTIFICATIONS OF BOND PURCHASER

(To be completed by Lender, Contract Seller, or Individual Investor)

The undersigned Bond Purchaser has read the following statements and hereby certifies that:

1. All of the proceeds of the bond will be used for the acquisition, construction, reconstruction, equipping and installation of land, or property of a character subject to the allowance for depreciation under Section 167 of the Internal Revenue Code.
2. To the best of the bond purchaser's knowledge, each of the Certifications of the Applicant and all other information with respect to the project or applicant set forth in this application are true and correct.
3. The proceeds of the bond will not be used to provide working capital or finance inventory, supplies or other operating expenses for the applicant or

any related person, or be used to refinance or restructure any portion of existing indebtedness.

4. The Bond Purchaser requests the Authority to issue and sell its bond to the Bond Purchaser for the purpose of financing the project to the extent thereof.

Bond Purchaser or Bank Name

Date

By _____
Signature of Bank Official, Contract Seller, or Individual

Print or Type Name and /or Title

TO BE COMPLETED ONLY IF SELLER IS GRANDPARENT, PARENT OR SIBLING

RELATED PERSON CERTIFICATE

The undersigned Seller(s) owns the following Agricultural Land, Agricultural Improvements, and/or depreciable
A g r i c u l t u r a l p r o p e r t y
(the "Project") _____

which is being sold to _____ (the "First Time Farmer") and is
being financed with proceeds from an Agricultural Development Revenue Bond to be issued by the North Dakota
Farm Finance Agency.

The Seller hereby certifies that the Project is being sold to the First Time Farmer for \$ _____ which is
its fair market value and subsequent to such sale:

- A. If the Project is being operated by a formal or informal partnership or joint venture, the Seller will have no more than a 10 percent interest in such operation;
- B. If the Project is being operated by a corporation, the Seller has no more than a 10 percent stock or ownership interest in such corporation;
- C. If the Project is being operated by a trust, the Seller has no more than a 10 percent beneficial interest of such trust;
- D. The Seller will not be a user of more than 10 percent of the Project; and
- E. The Seller will not have any other direct or indirect ownership or use of the Project.

IN WITNESS WHEREOF, we have hereunto set our official signatures as of the ____ day
of _____ 19____,

SELLER

By _____
(Signature of Seller)

(Print or Type Seller's Name)

By _____
(Signature of Spouse)

(Print or Type Spouse's Name)

TO BE COMPLETED ONLY IF SELLER IS GRANDPARENT, PARENT OR SIBLING

FAIR MARKET VALUE CERTIFICATE

The undersigned on behalf of _____ (the "Lender") in connection with the sale from _____ (the "Seller") of Agricultural Land, Agricultural Improvements and/or Depreciable Agriculture Property as identified:

to _____ (the "First Time Farmer"), to be financed with the proceeds of an Agricultural Development Revenue Bond to be issued by the North Dakota Farm Finance Agency, hereby certifies that the purchase price being paid by the First Time Farmer to the Seller for the Project is \$ _____ and such purchase price is the fair market value of the Project. Attached hereto is a copy of an appraisal establishing the fair market value of the Project.

IN WITNESS WHEREOF, I have hereunto set my official signature as of the _____ day of _____, 19____.

LENDER

(Lender/Bank Name)

(Signature of Loan Officer)

(Print or Type Name of Loan Officer)

(Title)